



Environmental Services Division
Energy and Waste Management Bureau

For Immediate Release
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April 17, 2007

Gasoline Prices Continue Climb in Iowa

Iowa gasoline prices continue to climb across the state as crude oil inventories remain low and market speculation has driven the futures market higher in recent weeks. Traditional summer price spikes have come early this year for Iowans. Refineries are performing scheduled maintenance tasks and other refineries have experienced unexpected production delays due to fires and mechanical issues. Meanwhile, lower supply and higher demand worldwide have contributed to a decrease in U.S. supply. Prices in Iowa are up \$0.25 per gallon on average in April to \$2.71 per gallon of mid-grade gasoline blended with 10 percent ethanol. That is just over a 9 percent increase over last month's average of \$2.47 per gallon of the same blend. Iowa prices are up 28% since their 2007 low in January of \$2.11 per gallon, and Iowans are paying \$0.06 more per gallon of gasoline than this time last year when prices were \$2.65. Iowa is still \$0.17 below the national average of \$2.88 per gallon; nationally prices are \$0.09 higher per gallon than one year ago.

"The higher prices continue as speculation increases as to how much gasoline will cost when the demand reaches its peak this summer," said Brian Crowe, an Iowa Department of Natural Resources Energy Analyst. "We know that prices will peak. Some analysts believe that we have hit our peak for the year, but that assumes no weather or politically related supply interruptions. If refineries get back on track and can produce large volume, and there is not a supply interruption, hopefully we will see a stabilized price."

Heavy investor speculation in world markets has driven fuel prices increasingly higher in recent weeks mostly due to summer demand estimation. The summer driving season, which traditionally begins Memorial Day weekend (the last Monday in May) through Labor Day weekend (the first Monday in September), has traditionally produced 10% increases to gasoline prices over the past ten years. Investors are now speculating whether production will meet the increased summer gasoline demand and if prices will level off or continue to increase. Refineries traditionally slow down production for refinery maintenance in the spring for ramped up production and demand in the summer. Heavy market speculation continued in April as the Organization of Petroleum Exporting Country's ongoing production cuts have led to national price increases. Because of what they termed "oversupply," OPEC's 12 member nations agreed upon cuts in production of 1.7 million barrels a day in meetings in October and December of 2006. The actual production decreases have been around 1 million barrels a day, cutting the organization's worldwide daily output to 30.2 million barrels crude oil.

United States crude oil stocks rose to 333.4 million barrels in April, and have remained steady in recent weeks. In the first quarter of 2007, crude stock supply had steadily dropped to the 3 year low reported last month when crude stocks dipped by 4.8 million barrels to 324.2 million barrels. Even with higher stock numbers in April, crude stocks are still 13 million barrels lower than then they were at this point last year.

On April 16, natural gas was trading at \$7.53/MMBtu, \$0.01 higher than last month, but \$0.19 lower than the price of natural gas at this time last year, a 2.5 percent decrease.

A survey completed by the Iowa Department of Natural Resources on April 17th indicated that the average retail price of heating oil in Iowa was \$2.57 per gallon, \$0.19 higher than last month and \$0.67 higher than the price of heating oil at this time last year, largely due to crude oil supply reductions. The same survey found that propane was selling for an average of \$1.52 per gallon across the state, \$0.02 higher than a month ago, and \$0.26 higher than the \$1.26 price at this time last year.

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	4/15/07	3/15/07	Difference
Ames	\$ 2.70	\$2.46	+\$0.24
Cedar Rapids	\$ 2.67	\$2.49	+\$0.18
Council Bluffs	\$ 2.67	\$2.42	+\$0.25
Davenport	\$ 2.69	\$2.47	+\$0.22
Des Moines	\$ 2.70	\$2.42	+\$0.28
Dubuque	\$ 2.70	\$2.46	+\$0.24
Fort Dodge	\$ 2.71	\$2.47	+\$0.24
Iowa City	\$ 2.78	\$2.50	+\$0.28
Sioux City	\$ 2.69	\$2.46	+\$0.23
Waterloo	\$ 2.70	\$2.45	+\$0.25
Webster City	\$ 2.71	\$2.48	+\$0.23
Average Metro Price	\$ 2.71	\$2.47	+\$0.24

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	4/15/07	3/15/07	Difference
Regular Unleaded with 10% Ethanol	\$2.71	\$2.47	+\$0.24
Regular Unleaded	\$2.75	\$2.50	+\$0.25
Premium Unleaded	\$2.76	\$2.52	+\$0.24
Diesel	\$2.92	\$2.72	+\$0.20

Source: AAA Fuel Gauge Report, www.fuelgaugereport.com

Heating Fuels Survey

Heating Fuel Type	4/12/07	3/12/07	Difference
Natural Gas	\$7.53/MMBTU	\$7.52/MMBTU	+\$0.01
Propane	\$1.52	\$1.50	+0.02
#2 Heating Oil	\$2.57	\$2.38	+0.19

Sources: Wall Street Journal, Iowa Department of Natural Resources